

Louisiana Economic Development Corporation (LEDC)

Small Business Loan Assistance Programs

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	SMALL BUSINESS LOAN PROGRAM	MICRO LOAN PROGRAM	CONTRACT LOAN PROGRAM	CAPITAL ACCESS PROGRAM	SMALL BUSINESS LINKED DEPOSIT PROGRAM
LEDC ASSISTANCE OFFERED	Loan guarantee or participation. The guarantee is a guarantee of loss to the lender.	Loan guarantee or participation. The guarantee is a guarantee of loss to the lender.	Loan guarantee <u>and</u> participation. The guarantee is a guarantee of loss to the lender.	Loan loss reserve fund established by borrower, bank and LEDC to mitigate risk on small business loans.	An interest rate buy-down, using State Treasury funds, on a loan to a small business which creates new jobs.
ELIGIBLE APPLICANTS	Louisiana businesses as defined by SBA.	Louisiana businesses as defined by SBA.	Louisiana businesses as defined by SBA.	Louisiana for-profit business as defined by the SBA.	Louisiana small businesses with <u>less than 150 employees</u> .
SIZE LIMIT PER PROJECT (LEDC Portion)	\$50,000 minimum \$1,500,000 maximum	\$5,000 minimum \$50,000 maximum (guarantee) \$25,000 maximum (participation)	\$5,000 minimum \$1,000,000 maximum	No minimum May be up to a \$3,000,000 maximum	\$200,000 maximum
PERCENT OF PROJECT COST	Guarantee – no more than 75% of loans up to \$650,000; no more than 70% of loans up to \$1,100,000; or no more than 65% of loans up to \$2,300,000. Participation - up to 40%	Guarantee - no more than 80% of loans up to \$62,500. Participation - up to 50% (not to exceed \$25,000)	LEDC will participate in 50% of loan and also guarantee up to 50% of the bank=s portion of the contract=s first draw.	The loan loss reserve fund may be used to recover 100% of the unpaid principal and interest of a qualified enrolled loan.	N/A
USE OF FUNDS	Guarantee - fixed assets; equipment or machinery; lines of credit for accounts receivable and/or inventory. Participation – fixed assets; equipment or machinery. NOTE: Debt restructure is limited to 25% of loan request, but may be increased to 35% with a reduced guarantee percentage.	Guarantee - fixed assets; equipment or machinery; and lines of credit for accounts receivable and/or inventory. Participation - fixed assets; equipment or machinery. NOTE: Debt restructure is limited to no more than 10% of loan request.	To support a contract for goods and services for a federal, state, or local entity. All proceeds of the contract will be assigned and collected by the bank.	Funds may be used to support term or revolving debt (not to exceed 5 years) in accordance to the specified terms. Prohibitions include: * Construction or finance of personal residence * Real estate speculation * Refinance of existing debt * Unsecured loans	A state-owned CD placed in the lending bank at 1% to 4% less than the normal investment rate to reduce the interest rate on a small business loan by an equal amount. This CD is in no way to be offered as security or collateral for any small business loan.
EQUITY REQUIRED	Start-ups - 10%- 20%* Acquisitions - 10% - 20%* Expansion - 15% * Additional fees are accessed to equity less than 20%	Start-ups - 10% Acquisitions - 10% Expansion - 10%	Start-ups - 10% Acquisitions - 10% Expansion - 10%	N/A	N/A
COLLATERAL COVERAGE	Minimum of \$1.00 of collateral for each \$1.00 of loan.	Minimum of \$1.00 of collateral for each \$1.00 of loan.	Minimum of \$1.00 of collateral for each \$1.00 of loan.	Directed by the bank	N/A
INTEREST RATES	Guarantee - Up to 2.5% above New York prime at either a fixed or variable rate. Participation - 1% - 2.5% above the rate for a U.S. Treasury security of equal duration.	Guarantee - Up to 4% above New York prime at either a fixed or variable rate. Participation - 1% above the rate for a U.S. Treasury security of equal duration.	Up to 4% above New York prime at either a fixed or variable rate.	Bank allowed to charge up to 3.5% above New York Prime.	1% to 4% less than the bank rate offered on similar loans without the linked deposit.
TERM	Term set by bank with LEDC concurrence, but in no case greater than 20 years.	Term set by bank with LEDC concurrence, but in no case greater than 5 years.	Up to 180 days past the contract completion date; not more than 1 1/2 years.	Term loans limited to 20 years. Revolving loans limited to 5 years.	2 to 5 years depending on criteria met. The deposit is placed for 1 year at a time with annual review for renewal.
FEES	LEDC will charge a guarantee fee of up to 4% of the guarantee amount. \$100 non-refundable application fee.	LEDC will charge a guarantee fee of up to 2% of the guarantee amount. \$100 non-refundable application fee.	LEDC will charge a guarantee fee of up to 2% of the guarantee amount. \$100 non-refundable application fee.	The loan loss reserve will be funded at 3.5% each by the bank, the borrower and by LEDC.	N/A